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USAREUR, USAFE, EUCOM FOR POLADS

E.O. 11652; GDS
TAGS; AMGT, PFOR, GW, XX, US
SUBJECT; PARM--ANNUAL POLICY AND RESOURCE ASSESSMENT--
PART I

REF; STATE 041169, 038356, 038338, 0116775, 015063,
A-1760, CERP 0001

PART I - POLICY ASSESSMENTS

A. US INTERESTS

1. ANY APPRAISAL OF US POLICY TOWARD THE FEDERAL REPUB-
LIC MUST BEGIN WITH THE SIMPLE REALITY THAT WE ARE THE
FRG'S MOST IMPORTANT ALLY, AND THE FRG IS PROBABLY OURS.
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2. THE RELATIONSHIP TOUCHES ON ALMOST ALL THE GREAT IN-
TERNATIONAL ISSUES OF OUR TIME. THEREFORE, FRG SUPPORT
OF US FOREIGN POLICY OBJECTIVES IS CRUCIAL TO US, JUST
AS OUR SUPPORT OF FRG FOREIGN POLICY OBJECTIVES IS
CRUCIAL TO THE FRG.

3. AGAINST THIS BACKGROUND, THE PRINCIPAL LONG-TERM US
INTERESTS IN THE FRG ARE: A SECURITY RELATIONSHIP IN
WHICH THE FRG MAKES A MAJOR CONTRIBUTION TO A STRONG AND
COHESIVE WESTERN EUROPE, INCLUDING PROVISION OF SUBSTAN-
TIAL FACILITIES FOR THE US TROOP PRESENCE; POLITICAL
STABILITY IN THE FRG, COMBINED WITH CONTINUED
ADHERENCE TO A DEMOCRATIC SYSTEM OF GOVERNMENT; EXTEN-
SION OF OUR COOPERATIVE RELATIONSHIP OUTSIDE OF EUROPE;
MAINTENANCE OF THE ALLIED POSITION IN BERLIN AND PRESER-
VATION OF THAT CITY'S ROLE AS THE TOUCHSTONE OF

DETENTE AND AS A SYMBOL THAT WE DO NOT ACCEPT THE DIVI-

SION OF GERMANY AND EUROPE AS FINAL; AND KEEPING THE FRG
AS A STRONG ALLY AND ASSET IN EUROPE AND THE FREE WORLD.

4. THE S/P FORECAST UNDERLINES THE IMPORTANCE OF OUR
LINKAGES WITH THE INDUSTRIAL DEMOCRACIES. POSSESSING
THE LARGEST, STRONGEST, AND PROBABLY THE BEST-MANAGED
ECONOMY IN WESTERN EUROPE, THE FRG HAS BECOME OUR PRIN-
CIPAL PARTNER IN DEALING WITH NEARLY ALL THE GLOBAL IN-
TERESTS SET FORTH IN PARTS A, C. AND E OF THE FORE-
CAST.

5. I BELIEVE OUR INTERESTS IN THE FRG ACCORD FULLY WITH
OUR GLOBAL AND REGIONAL INTERESTS. GIVEN THE IMPORTANCE
OF THE FRG, ITS WEIGHT IS FELT INCREASINGLY THROUGHOUT
THE WORLD. THE AGREEMENT BETWEEN WEST GERMAN AND AMERI-
CAN INTERESTS IS STRONGEST IN EUROPE, BUT THEY GENERALLY
SUPPORT ONE ANOTHER IN OTHER AREAS OF THE WORLD AS WELL.
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B. OVERVIEW

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6. ONE OF THE IRONIES OF OUR RELATIONSHIP WITH THE FRG
IS THAT THE VERY EXTENT AND INTIMACY OF THAT RELATION-
SHIP ASSURES THAT PROBLEMS WILL INEVITABLY ARISE.

7. BY THE SAME TOKEN, HOWEVER, THE RELATIONSHIP IS SO SYMBIOTIC THAT BOTH SIDES MUST HAVE THE WILL TO RESOLVE THESE ISSUES. IT DOES NEITHER US NOR THE GERMANS ANY GOOD TO WIN AN ARGUMENT IN A WAY THAT WEAKENS THE OTHER, BECAUSE THE INEVITABLE RESULT WILL BE THE WEAKENING OF OUR COMMON ABILITY TO ACHIEVE THE MANY GOALS WE SHARE.

8. WHILE WE MUST WELCOME OUR GOOD RELATIONS WITH THE FRG BECAUSE OF THE ADDED CAPACITY THIS GIVES US TO
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ATTAIN OUR GLOBAL OBJECTIVES, WE ALSO MUST STRESS AS MUCH AS POSSIBLE A MULTILATERAL FRAMEWORK IN WHICH OUR BILATERAL POLICIES AND RELATIONSHIPS CAN EVOLVE. NEITHER BONN NOR WASHINGTON CAN AFFORD TO AROUSE THE RESENTMENT OF ITS OTHER ALLIANCE PARTNERS BY CREATING THE IMPRESSION OF A "WASHINGTON-BONN AXIS."

FACTORS FOR SPECIFIC CONSIDERATION

9. THERE ARE THREE PARTICULAR FACTORS THAT REQUIRE SPECIFIC CONSIDERATION IN DEALING WITH OUR OBJECTIVES AND POLICIES TOWARD THE FRG AT THIS TIME.

10. FIRST, GERMANY IS A DIVIDED COUNTRY, AND CURRENT SOVIET POLICY IS AGAIN PUTTING THE FRG MUCH MORE ON THE DEFENSIVE. DURING THE HALCYON DAYS OF DETENTE, WEST GERMANS WERE LESS CONSCIOUS OF BERLIN AND INNER-GERMAN PROBLEMS, ESPECIALLY AS TRAVEL AND TRANSIT WERE GOING SMOOTHLY. RECENT EVENTS HAVE CHANGED THIS, REQUIRING THAT WE ONCE AGAIN GIVE BERLIN AND INNER-GERMAN AFFAIRS A MORE IMPORTANT ROLE IN OUR POLICY DELIBERATIONS WITH THE FRG. CONCENTRATING ON THESE ISSUES MAKES THE FRG MORE DEPENDENT ON US, BUT ALSO REQUIRES SO MUCH GERMAN POLITICAL ENERGY THAT THE FRG CANNOT DEVOTE AS MUCH ATTENTION AND STRENGTH TO OTHER MATTERS.

11. SECOND, THE RECENT ELECTIONS PRODUCED DIFFERENT

RESULTS IN THE US AND THE FRG. IN THE US, A NEW GOVERNMENT WAS ELECTED. IN THE FRG, AN OLD GOVERNMENT WAS RE-ELECTED BY A THIN MARGIN. THIS HAS RESULTED IN THE US MOVING IN NEW WAYS TO TACKLE LINGERING PROBLEMS, WHEREAS THE FRG--ALREADY GENERALLY INCLINED TO BE SKEPTICAL ABOUT NEW DEPARTURES--FINDS IT DIFFICULT TO MOVE IN NEW DIRECTIONS. THE US IS DEVOTING ITS EFFORT TO REVIEWING AND REORIENTING ITS POLICY; THE BONN COALITION
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EXPENDS MORE EFFORT ON TRYING TO MANAGE ITS INTERNAL RELATIONSHIPS.

12. THIRD, THE FRG IS EXPANDING ITS FOREIGN POLICY HORIZONS BEYOND EUROPE TO THE THIRD WORLD; THERE, ITS INTERESTS BASICALLY ACCORD WITH OURS, BUT IT PLACES GREATER EMPHASIS THAN WE ON STABILITY. IT ALSO PLACES GREATER STRESS ON THE ROLE OF ITS OWN ENERGY REQUIREMENTS IN FORMULATING INTERNATIONAL POLICIES. THIS HAS LED, FOR EXAMPLE, TO DIFFERENCES OF VIEW ON BOTH THE MIDDLE EAST AND BRAZIL.

OTHER FACTORS

13. THERE IS ANOTHER, MORE BASIC, FACTOR THAT CAN AFFECT THE ACHIEVEMENT OF OUR INTERESTS IN THE FEDERAL REPUBLIC AND THE COORDINATION OF US-FRG POLICIES: THE GRADUAL COMING TO POWER IN BONN OF A NEW GENERATION OF GERMAN LEADERS. ALREADY, YOUNG GERMANS WITHOUT THE EXPERIENCE OF POSTWAR COOPERATION ARE LESS AUTOMATICALLY INCLINED TOWARD US VIEWS THAN THOSE LEADERS WHO HAVE DIRECTED THE FRG'S POLICIES FOR THE LAST THIRTY YEARS. THESE YOUNGER GERMANS ARE NOT ANTI-AMERICAN, BUT THEY ARE MORE SKEPTICAL ABOUT WHETHER EVERYTHING WE WISH TO DO MUST ALSO BE RIGHT FOR GERMANY. ONE OF OUR MAJOR MISSIONS IN THIS COUNTRY, IN ORDER TO FURTHER OUR INTERESTS HERE AS WELL AS TO FURTHER THOSE INTERNATIONAL INTERESTS IN WHICH WE REQUIRE FRG ASSISTANCE, IS TO ESTABLISH WITH THIS NEW GENERATION OF GERMANS THE SAME CLOSE RELATIONSHIP OF MUTUAL CONFIDENCE WE ENJOY WITH THE PRESENT GROUP OF LEADERS.

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14. WE MUST ALSO KEEP IN MIND THAT THE FUTURE OF GER-
MANY REMAINS THE KEY TO THE FUTURE OF EUROPE. THE
SOVIETS SEE THIS CLEARLY: FOR THEM, THE FRG IS THE MOST
IMPORTANT COUNTRY IN WESTERN EUROPE. THEY WATCH THE US-
FRG RELATIONSHIP CLOSELY AND SET THEIR POLICIES TO
UNDERCUT THE FRG'S ALLIANCES WITH US AND ITS WESTERN
EUROPEAN NEIGHBORS.

ECONOMIC FACTORS

15. THE RELATIVE WEIGHT OF THE GERMAN ECONOMY OVER THE
NEXT SEVERAL YEARS WILL MAKE IT ESSENTIAL THAT THE FRG
PLAY AN ACTIVE AND CONSTRUCTIVE ROLE IN EUROPEAN AND
WORLD AFFAIRS.

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16. THE FRG, ALONG WITH THE US, FACES A FLOOD OF NEW
DEMANDS ON ITS RESOURCES. GREATER DRAINS ON FRG RE-
SOURCES TO ASSIST THE THIRD WORLD ARE NO MORE POPULAR
WITH THE GERMAN PUBLIC THAN THEY ARE IN THE US. IN ADDI-
TION, THE FRG IS UNDER CONSIDERABLE PRESSURE TO PARTICI-

PATE IN MAJOR CREDITS TO ITS WEAKER EC PARTNERS OR OTHER
EUROPEAN STATES SUCH AS PORTUGAL. THE FRG IS CAUTIOUS
ABOUT ANY NEW EXTERNAL DEMAND ON ITS RESOURCES. HOWEVER,
GERMAN ATTITUDES WILL IN THE END BE CLOSELY CONDITIONED
BY US POSITIONS. IF WE ALLOW OURSELVES TO BE STYMIED
BY GERMAN RESERVATIONS, WE WILL NOT DO WHAT IS OFTEN
NECESSARY IN THE US INTEREST.

ENERGY

17. THE FRG IS FACED WITH CONTINUING DEPENDENCE UPON
FOREIGN SOURCES OF ENERGY. THROUGH ACTIVE PARTICIPATION
IN THE IEA, THE FEDERAL REPUBLIC HAS ATTEMPTED TO REDUCE
THIS DEPENDENCE THROUGH CONSERVATION AND THE QUEST FOR
ALTERNATIVE SOURCES. WHILE MORE SUCCESSFUL THAN MOST
DEVELOPED NATIONS IN RESTRAINING THE GROWTH OF CON-
SUMPTION AS THE ECONOMY REBOUNDS, THE FRG IS NOW FACED
WITH MAJOR OBSTACLES TO THE DEVELOPMENT OF DOMESTIC NU-
CLEAR POWER PLANTS. THIS HAS A NUMBER OF IMPLICATIONS.
FIRST, THE FRG MUST RECKON WITH AN INCREASE IN ITS

DEPENDENCE UPON FOREIGN OIL SUPPLIES, AS PROJECTIONS OF NUCLEAR POWER AVAILABILITY ARE NOT REALIZED. SECOND, THE FRG WILL LOOK TO US POLICY ON COAL UTILIZATION AS A GUIDE FOR GERMAN DECISIONS IN THIS SECTOR. AS DOMESTIC COAL RESOURCES ARE DWINDLING AND EXPENSIVE, THE FEDERAL REPUBLIC MAY CONSIDER THE LIBERALIZATION OF COAL IMPORTS. FINALLY, THE NUCLEAR POWER INDUSTRY, ALREADY ANXIOUS TO PLAY A MAJOR ROLE IN THE INTERNATIONAL

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SCIENCE AND DEVELOPMENT ARENA, CAN BE EXPECTED TO EXERT GREATER EFFORT TOWARD EXPORT SALES AS THE DOMESTIC MARKET CONTRACTS. IN THE AREA OF MULTILATERAL ENERGY COOPERATION, THE RECENT ELECTION OF A WEST GERMAN (ROHWEDDER) AS CHAIRMAN OF THE IEA GOVERNING BOARD WILL INCREASE FRG ATTENTION TO THE EFFORTS OF THE IEA IN THE CONSERVATION AND DEVELOPMENT FIELDS. AS LONG AS THE FRG IS RELATIVELY EFFECTIVE IN CONSERVING ENERGY, IT IS IN A POSITION TO ASK GREATER CONSERVATION EFFORTS FROM COUNTRIES SUCH AS THE US. IT IS DOUBTFUL, HOWEVER, WHETHER THE FRG CAN MAINTAIN ITS REDUCED DEPENDENCE LEVELS IF DOMESTIC NUCLEAR POWER PLANTS CANNOT BE BUILT.

TRADE POLICY

18. FRG POLICY MAKERS ARE KEENLY AWARE OF THE DEPENDENCE OF THE WEST GERMAN ECONOMY ON STRONG EXTERNAL DEMAND. THE FRG WILL, THEREFORE, REMAIN HIGHLY SENSITIVE TO SIGNS OF PROTECTIONISM ON THE PART OF ANY MAJOR TRADING COUNTRY. DESPITE ITS RELUCTANCE TO GIVE ADDITIONAL EXTERNAL LOANS, THE FRG HAS BEEN MORE WILLING TO AID ITS TRADING PARTNERS THAN TO SEE THEM ADOPT PROTECTIONIST MEASURES. THE EXTENT TO WHICH THE FRG PURSUES ITS BASICALLY LIBERAL TRADE POLICY WILL BE STRONGLY INFLUENCED BY US ACTIONS, PARTICULARLY OUR EFFORTS TO BRING THE MTN'S TO A SUCCESSFUL CACLOSE.

19. FRG POLICY MAKERS ARE CONVINCED THAT THE FRG, WITH ITS HIGH WAGE LEVEL, CANNOT CONTINUE TO COMPETE IN ALL TRADE SECTORS, AND THAT GOVERNMENT POLICY MUST, THEREFORE, BE DESIGNED TO ENCOURAGE MOVEMENT AWAY FROM LABOR INTENSIVE SECTORS, SUCH AS SHOES, AND TOWARD HIGH TECHNOLOGY SECTORS, SUCH AS NUCLEAR POWER PLANT CONSTRUCTION.

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TION. FRG POLICY IN SUPPORT OF TECHNOLOGICALLY ADVANCED SECTORS WILL RELY HEAVILY ON PROGRAMS TO ENLARGE THE DEMAND FOR GERMAN HIGH TECHNOLOGY PRODUCTS, BOTH AT HOME AND ABROAD. GOVERNMENT PROCUREMENT WILL BE VIEWED BY THE FRG AS AN IMPORTANT INSTRUMENT FOR CARRYING OUT THIS POLICY. THIS ELEMENT IS NOT ABSENT FROM THE AWACS PROBLEM. WE ARE ENTERING A NEW PERIOD FOR TECHNOLOGY POLICY, IN WHICH THE FRG WILL NOT BE CONTENT TO ACCEPT PASSIVELY A CONTINUATION OF THE TECHNOLOGICAL GAP. IN VIEW OF THIS MORE ACTIVE FRG SUPPORT FOR HIGH TECHNOLOGY INDUSTRIES, US SUPPLIERS WILL FIND IT MORE DIFFICULT TO COMPETE WITH WEST GERMAN FIRMS, IN BOTH THIRD MARKETS AND THE FRG, ITSELF. BECAUSE OF FRG INVOLVEMENT, MORE EMPHASIS IN OUR COMMERCIAL POLICY AND TRADE PROMOTION
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PROGRAMS MUST BE PLACED ON THESE SECTORS.

PUBLIC DIPLOMACY

20. 1976, THE US BICENTENNIAL YEAR, MAY HAVE BEEN THE VISIBLE APOGEE OF CORDIALITY OF RELATIONS BETWEEN THE US

AND THE FRG DURING THE 70'S. WITHOUT, IT MUST BE STRESSED, CHALLENGING THE BASIC ASSUMPTIONS UWHICH UNDERLINE THE NECESSITY OF CONTINUING THE PARTNERSHIP WITHIN THE ALLIANCE, CRITICISM OF THE US HAS BEEN MOUNTING SINCE THE BEGINNING OF THIS YEAR.

21. THERE ARE A NUMBER OF ACTIVE ISSUES BETWEEN US STARTING WITH THE FRG-BRAZIL NUCLEAR ENERGY AGREEMENT. MOST OF THESE ISSUES DO NOT RISE OUT OF THE BILATERAL RELATIONSHIP BUT FROM TRILATERAL (E.G., BRAZIL) OR WORLD-

WIDE PROBLEMS. A GROWING FEELING OF NATIONAL PRIDE, CONCERN--EVEN NERVOUSNESS--ABOUT ITS INCREASING ROLE ON THE WORLD SCENE, AND AN EAGERNESS TO PUT THE NAZI PAST BEHIND IT, GIVE MANY GERMANS A SOMEWHAT SCHIZOPHRENIC ATTITUDE ABOUT THEIR FOREIGN RELATIONS. THIS ATTITUDE IS MARKED BY MUCH CONCERN ABOUT THE FRG IMAGE IN THE US AND WESTERN EUROPE AND SENSITIVITY ABOUT ANYTHING THAT SMACKS OF TUTELAGE (ESPECIALLY FROM THE US). THE DIFFERENCES INHERENT IN THE "TWO-WAY STREET ISSUE" IN DEFENSE PLANNING AND FUNDING, EPIZOMIZED IN THE AWACS/

LEOPARD TANK LINKAGE, HIGHLIGHT YET ANOTHER AMBIVALENT ASPECT OF US-FRG RELATIONS. GERMANS BY AND LARGE (SOME WITH RELUCTANCE) ACCEPT US-FRG "INTERDEPENDENCE" BUT WILL ARGUE THAT IF THE US AND FRG ARE, INDEED, INTERDEPENDENT, THEN THEY SHOULD HAVE MORE SAY ABOUT MATTERS AFFECTING THE PARTNERSHIP. OBSERVERS POINT OUT THAT ALL THIS ADDS UP TO A "COMING OF AGE" PHENOMENON. HOWEVER DEFINED, THESE FACTORS HAVE LED TO CHANGES IN THE CONFIDENTIAL

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PSYCHOLOGICAL CLIMATE THAT NOW AFFECT, AND FOR THE NEXT YEARS WILL CONTINUE TO AFFECT, US-FRG RELATIONS.

TRENDS

22. I AGREE WHOLEHEARTEDLY WITH THE CONCLUSION IN S/P'S FORECAST THAT OUR RELATIONSHIP WITH THE INDUSTRIAL DEMOCRACIES OF WESTERN EUROPE AND JAPAN WILL REMAIN THE BEDROCK OF OUR FOREIGN POLICY. I ALSO WELCOME THE CONCLUSION THAT THERE WILL BE NO MAJOR CHANGE IN OUR SECURITY REQUIREMENTS IN EUROPE. YET IT MAY BE NECESSARY TO STRENGTHEN OUR MILITARY POSTURE IN EUROPE BY FORCE AUG-

MENTATIONS OR REDEPLOYMENTS IN ORDER TO COUNTERACT IMPROVEMENTS IN SOVIET FORCES. WHILE WE HAVE HAD, AND CAN EXPECT TO CONTINUE TO HAVE, FRG SUPPORT FOR SUCH US ENDEAVORS, FRG FINANCIAL ASSISTANCE WILL NOT BE AUTOMATIC. WHEN WE DESIRED TO STATION A NEW BRIGADE IN NORTHERN GERMANY, IT REQUIRED DISCUSSIONS AT THE PRESIDENT/CHANCELLOR LEVEL BEFORE AGREEMENT ON COST SHARING COULD BE ACHIEVED. EARLY AND FULL CONSULTATION WITH THE FRG BEFORE IMPROVEMENTS TO OUR FORCE POSTURE ARE ANNOUNCED CAN AVOID ESCALATION TO THIS LEVEL AND STILL RESULT IN A MUTUALLY SATISFACTORY SHARING OF THE FINANCIAL BURDEN.

23. OUR MUTUAL DEPENDENCE AND STRENGTH SHOULD, OF
COURSE, LEAD TO CONSULTATION AND COOPERATION IN THE
EVENT OF ANY MAJOR WORLD CRISIS. IN THE PRESENT WORLD
ECONOMIC DIFFICULTIES, OUR PERCEPTIONS DIFFER ON THE
DESIRABLE AMOUNT OF ECONOMIC STIMULATION. THIS ISSUE
IS A MAJOR PREOCCUPATION OF THE HIGHEST LEVELS OF OUR
GOVERNMENTS.

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USMISSION EC BRUSSELS
CINC USAREUR HEIDELBERG
USNMR SHAPE
CINC EUR VAIHINGEN
CINC USAFE RAMSTEIN
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL FRANKFURT
AMCONSUL HAMBURG
AMCONSUL MUNICH
AN/AMCONSUL STUTTGART

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24. MAINTENANCE OF SIMILAR POLICIES TOWARD THE SOVIET UNION SHOULD BE A PRIORITY GOAL. ON THE OTHER HAND, IN SPITE OF THE FRG'S IMPORTANCE, I DO NOT SEE IT PLAYING A MAJOR ROLE IN EITHER THE SINO-SOVIET RELATIONSHIP OR IN THE DEVELOPMENT OF OUR RELATIONSHIP WITH CHINA.

25. THE FRG IS MORE INVOLVED IN EASTERN EUROPE THAN ANY OTHER WESTERN COUNTRY. IT IS ALSO A SEASONED OBSERVER OF THE AREA. WE AND THE FRG WILL BE THE FIRST TO FEEL ANY EFFECT OF A POST-BREZHNEV SUCCESSION STRUGGLE IN MOSCOW. IF PRESENT DISCONTENT IN EASTERN EUROPE SHOULD LEAD TO UNREST OR INSTABILITY, THE FRG WOULD BE ON THE FRONT LINE. IT OBVIOUSLY BEHOOVES US TO STAY IN VERY CLOSE TOUCH ABOUT EASTERN EUROPE. THE FRG IS
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WORRIED THAT OUR CHAMPIONING OF THE RIGHT TO DISSENT MAY LEAD TO DANGEROUS INSTABILITY. THE GERMAN INTEREST IN HUMAN RIGHTS HAS BEEN STRONGEST IN THE AREA OF TRAVEL, EMIGRATION, AND FAMILY REUNIFICATION, AND THEY FEEL THESE ARE MATTERS BEST PURSUED WITHOUT EXTENSIVE PUBLICITY. WE SHOULD EXPECT OUR DIFFERING PERCEPTIONS TO CON-

TINUE HERE, ALTHOUGH PROBABLY NOT IN AN ACUTE FORM.

26. TWO MULTILATERAL SECURITY NEGOTIATIONS WITH COMMUNIST, NONALIGNED, AND NEUTRAL STATES WHICH WILL PREOCCUPY US IN 1977 ARE MBFR AND CSCE. BOTH SUBJECTS ARE OF INTENSE INTEREST AND IMPORTANCE TO THE FRG. ON BOTH, THE FRG HAS FULLY SUPPORTED THE ALLIANCE POSITION ONCE ACHIEVED. THE FRG WILL CONTINUE TO PLAY A KEY ROLE.

27. AS NOTED EARLIER, CHANGE MAKES THE GERMANS NERVOUS, ESPECIALLY WHEN THE CHANGES ARE TAKING PLACE IN THE US. THE PRESIDENT'S THREE MAJOR AND NEW POLICY PRIORITIES IDENTIFIED BY S/P--HUMAN RIGHTS, CONVENTIONAL ARMS TRANSFERS, AND NONPROLIFERATION--WILL STRONGLY AFFECT THE FRG, AND THEIR HANDLING WILL WARRANT CLOSE ATTENTION IN THE CONTEXT OF US-FRG RELATIONS, AS WILL THAT OF ANY PROPOSALS FOR THE ELIMINATION OF NUCLEAR WEAPONS.

HUMAN RIGHTS

28. AS WE HAVE ALSO NOTED, THE GERMAN CONCERN FOR HUMAN RIGHTS IS MORE OVER THE RIGHT TO TRAVEL AND TO EMIGRATE THAN OVER THE RIGHT TO DISSENT, ALTHOUGH THE GERMANS SYMPATHIZE DEEPLY WITH THE DESIRE FOR THE LATTER. IN THE GERMAN VIEW, HOWEVER, A FREE RIGHT OF DISSENT COULD LEAD TO DANGEROUS INSTABILITY IN BOTH EASTERN EUROPE AND OTHER AREAS OF THE WORLD SUCH AS SOUTH AMERICA. IN THIS REGARD, THE GDR IS A SPECIAL CONCERN OF THE FRG. WHILE

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NO ONE FEELS MORE STRONGLY THE DENIAL OF HUMAN RIGHTS TO THEIR FELLOW GERMANS, THE WEST GERMANS ALSO ATTACH A GREAT DEAL OF IMPORTANCE TO MAINTENANCE OF STABILITY IN THE GDR SO THAT THE BARRIERS WHICH SEPARATE THE GERMAN PEOPLE CAN HOPEFULLY BE GRADUALLY REMOVED.

CONVENTIONAL ARMS TRANSFERS

29. THE FRG FOLLOWS THE MOST RESTRICTIVE EXPORT POLICY OF ANY MAJOR ARMS SUPPLIER. NEVERTHELESS, IT IS NOT IMMUNE TO DOMESTIC ECONOMIC PRESSURES TO EXPORT ARMS. IT ALSO FACES A NEW DILEMMA BECAUSE ITS ARMS ARE CO-PRO-

DUCED WITH EUROPEAN NEIGHBORS TO AN INCREASING EXTENT. IF THESE PARTNERS FOLLOW MORE LIBERAL ARMS EXPORT POLICIES, THE FRG IS UNDER PRESSURE TO PERMIT EXPORTS IT MIGHT OTHERWISE RESTRICT IF THE WEAPON WERE SOLELY GERMAN PRODUCED. WE BELIEVE THE FRG WILL SUPPORT A JOINT EFFORT TO CONTROL INTERNATIONAL TRAFFICKING IN ARMS IF, REPEAT IF, THE US DEMONSTRATES IT IS REALLY SERIOUS ABOUT RESTRICTING ITS OWN ARMS TRANSFERS. THE FRG WILL ALSO WISH TO ENSURE THAT THE SOVIETS AND THEIR ALLIES DO NOT TAKE ADVANTAGE OF WESTERN RESTRAINT.

NONPROLIFERATION

30. HOW TO RESOLVE THE PROBLEMS BETWEEN OURSELVES AND THE FRG AS FAR AS THE GERMAN NUCLEAR DEAL WITH BRAZIL IS CONCERNED, IS AN IMMEDIATE, PRESSING, AND IRRITATING ISSUE IN OUR RELATIONS. HOPEFULLY, WE WILL, IN THE FORESEEABLE FUTURE, FIND A SOLUTION TO THIS PROBLEM. IN THE MEANTIME, THE FRG IS HAVING ITS OWN DOMESTIC PROBLEMS CONCERNING THE FUTURE OF ITS NUCLEAR ENERGY PROGRAM.

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ALSO, AS A MAJOR PRODUCER OF NUCLEAR EQUIPMENT, THE FRG
IS AN IMPORTANT FACTOR IN DEALING WITH THE GLOBAL NU-
CLEAR ISSUE. AS SUCH, THE FRG WILL COOPERATE ENTHUSIAS-
TICALLY AND FULLY IN OUR INTERNATIONAL CONSULTATIVE
PROCESS. HOWEVER, HAVING ACCEPTED WHAT THEY CONSIDER A

CERTAIN DEGREE OF DISCRIMINATION VIS-A-VIS THE NUCLEAR WEAPONS COUNTRIES, THEY WILL BE VERY SENSITIVE TO ANY SUGGESTION THAT THE FRG BE GIVEN LESS FAVORABLE TREATMENT THAN THE BRITISH, FRENCH, OR OURSELVES.

31. DEALINGS WITH THE FRG MUST ALSO BE SEEN IN THE CONTEXT OF OUR GENERAL EUROPEAN POLICIES, ALL OF WHICH AFFECT IT. THE MAJOR ISSUES IN THIS CONTEXT WHICH TOUCH ON OUR RELATIONS WITH THE FRG, AND WITH WHICH WE MUST BE

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PREPARED TO DEAL, ARE THE FOLLOWING.

EUROPEAN INTEGRATION

32. THE MOVE TOWARD EUROPEAN UNION IS STALLED BECAUSE OF DIFFERING ECONOMIC PERFORMANCES OF EC MEMBERS AND THE

CONTINUING DIFFICULTY OF ACHIEVING SIGNIFICANT POLITICAL INTEGRATION. THE EC IS NOT MAKING THE CONTRIBUTION IT COULD TO STABILITY IN EUROPE BECAUSE INTEGRATION HAS NOT ADVANCED TO THE POINT WHERE THE STRENGTH OF ONE MEMBER CAN BE FULLY MOBILIZED TO SUPPORT ANOTHER--WHERE THE WHOLE BECOMES MORE THAN THE SUM OF ITS PARTS. WE CAN EXPECT THE FRG TO DEVOTE CONSIDERABLE ENERGY AND RESOURCES TO THE PURSUIT OF EUROPEAN INTEGRATION, BUT IT WILL DO SO ACCORDING TO ITS OWN PERCEPTIONS OF WHAT WILL SERVE STABILITY IN EUROPE.

DEFENSE COOPERATION

33. IMPORTANT PROBLEMS HAVE ARISEN IN EFFORTS TO ADVANCE STANDARDIZATION AND INTEROPERABILITY OF WEAPONS WITHIN NATO. WE HAVE YET TO PURCHASE A MAJOR GERMAN WEAPONS SYSTEM, WHICH MAKES THE FRG WONDER IF US SUPPORT FOR STANDARDIZATION IS ANYTHING MORE THAN ANOTHER FORM OF "BUY AMERICAN." THE CURRENT DISARRAY IN OUR TANK ARRANGEMENTS IS A GOOD EXAMPLE OF WHAT SHOULD NOT HAPPEN.

IT NOT ONLY JEOPARDIZES STANDARDIZATION, BUT IT ALSO UNDERCUTS GERMAN SUPPORT FOR THE PURCHASE OF AWACS BY NATO. OUR REDUCTION OF MAAG (NOW ODC) PERSONNEL AND OUR IMPOSITION OF INCREASED COSTS FOR TRAINING IN THE US HAVE ALSO PROMPTED SKEPTICISM AS TO THE US COMMITMENT TO

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DEFENSE COOPERATION. WE MAY ALSO RUN INTO SOME PROBLEMS (E.G., ON REAL ESTATE AND RESIDUAL VALUE) IN THE IMPLEMENTATION OF USAREUR'S CONCEPT OF "A FIELD ARMY DEPLOYED."

COMMUNIST PARTICIPATION IN WESTERN EUROPEAN GOVERNMENTS

34. HERE, THE FRG GOVERNMENT THINKS MUCH AS WE DO. THE SPD HAS STRONG TIES WITH OTHER SOCIALIST PARTIES IN EUROPE, THEIR LEADERS, AND THE SOCIALIST INTERNATIONAL; THESE COULD BE USED TO ADVANTAGE IN PROMOTING A BROADER UNDERSTANDING OF THE PROBLEMS CONNECTED WITH EUROCOMMUNISM.

C. OBJECTIVES, COURSES OF ACTION, AND ISSUES

35. OUR BASIC BILATERAL OBJECTIVES IN THE FRG ARE: TO OBTAIN GERMAN SUPPORT FOR OUR WORLDWIDE POLICIES; TO SEEK A CLOSE HARMONIZATION OF OUR POLITICAL AND ECONOMIC EFFORTS; AND TO IMPROVE OUR COOPERATION IN DEFENSE MATTERS SO THAT OUR FUNDAMENTAL SECURITY RELATIONSHIP IS STRENGTHENED.

36. I SEE NO CONTRADICTION BETWEEN OUR BILATERAL AND GLOBAL OBJECTIVES. ON THE CONTRARY, I ANTICIPATE CRUCIAL SUPPORT FROM THE FRG FOR MOST OF OUR GLOBAL ENDEAVORS. OUR OBJECTIVES IN THE FRG PERMEATE EVERY ASPECT OF OUR COMPLEX RELATIONSHIP, AND IT IS NOT POSSIBLE TO DETAIL ALL OF THEM HERE, GIVEN THE SPACE CONSTRAINTS, JUST AS IT IS NOT POSSIBLE TO DETAIL ALL OUR SPECIFIC POLICIES.

37. IN ORDER TO ACCOMPLISH OUR OBJECTIVES, I RECOMMEND THAT WE USE THE FOLLOWING THREE TOOLS.

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38. GERMAN RESOURCES LEAD US TO PLACE HEAVY DEMANDS ON THE FRG TO SUPPORT OUR POLICY INITIATIVES THROUGHOUT THE WORLD, WHETHER IT BE PURCHASE OF AWACS, AID TO EGYPT, LOANS TO PORTUGAL, OR CONTRIBUTIONS TO A DEVELOPMENT FUND FOR ZIMBABWE. THESE REQUESTS COME FROM DIFFERENT US AGENCIES AND DEPARTMENTS, AND EACH IS REGARDED BY ITS AUTHOR AS THE NUMBER ONE PRIORITY. THERE APPEARS TO BE LITTLE THOUGHT GIVEN IN WASHINGTON TO THEIR CUMULATIVE EFFECT ON THE FRG BUDGET, WHICH IS NOT LARGE ENOUGH TO MEET OUR EVERY REQUEST. IT MAY BE DIFFICULT TO COORDINATE OUR DEMANDS SYSTEMATICALLY, BUT WE SHOULD TRY. IF WE DO NOT, THE FRG WILL MAKE THE IMPORTANT DECISIONS CONCERNING PRIORITIES.

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CONSULTATIONS

39. FORTUNATELY, OUR INTERESTS AND THOSE OF THE FRG ARE SO CLOSE ON MOST ISSUES THAT PROPER CONSULTATION WILL GO A LONG WAY TOWARD SOLVING PROBLEMS. THE WEST GERMANS MUST PERCEIVE OUR INTERESTS TO BE IN LINE WITH THEIR OWN

IF WE ARE TO RECEIVE THE SUPPORT WE DESIRE.

RESOURCES

40. THE US GOVERNMENT DEVOTES AN IMPRESSIVE AMOUNT OF RESOURCES TO THE CONDUCT OF POLICY TOWARD THE FRG. AS THE DEPARTMENT IS AWARE, OTHER AGENCIES ARE REPRESENTED IN THE FRG IN INCREASING STRENGTH. AT THE SAME TIME, STATE IS REDUCING ITS SUBSTANTIVE AND ADMINISTRATIVE POSITIONS WHILE INCREASING ITS ADMINISTRATIVE SUPPORT RESPONSIBILITIES TO PROVIDE ADDITIONAL HOUSEKEEPING SERVICES TO OTHER AGENCIES. I CANNOT EMPHASIZE TOO

STRONGLY THAT IT WILL BE INCREASINGLY DIFFICULT TO MAINTAIN OUR CONTROL OVER POLICY IF THIS TREND CONTINUES.

41. WHILE THE US AND THE FRG HAVE ALMOST IDENTICAL OBJECTIVES IN THE INTERNATIONAL ECONOMIC SPHERE, MORE AND MORE PROBLEMS WILL ARISE IN THE DETAILS OF ACHIEVING THEM. INCREASINGLY, WE WILL HAVE BILATERAL PROBLEMS IN REACHING MULTILATERAL SOLUTIONS. THUS, WE

MUST COORDINATE WITH THE FRG BOTH BILATERALLY AND IN INTERNATIONAL FORA UPON APPROPRIATE MEANS FOR REACHING OUR GOALS.

GLOBAL ECONOMIC AND FINANCIAL MANAGEMENT

42. BECAUSE OF ITS ECONOMIC WEIGHT, THE SIZE OF ITS FOREIGN TRADE, ITS LARGE FOREIGN EXCHANGE RESERVES AND CONFIDENTIAL

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ITS HARD CURRENCY, THE FRG IS ONE OF OUR KEY PARTNERS IN ALL ASPECTS OF GLOBAL ECONOMIC AND FINANCIAL MANAGEMENT. THIS NECESSITATES FREQUENT AND CLOSE CONTACT BETWEEN TOP FRG AND US POLICYMAKERS. IN THIS RESPECT, THE EMBASSY PERFORMS THREE KEY FUNCTIONS. FIRST, IT KEEPS WASHINGTON INFORMED ON THE VIEWS, OPINIONS, PREDILECTIONS, AND PLANS OF FRG POLICYMAKERS. THE EARLIER WE CAN CATCH THEM, THE BETTER. THIS INVOLVES CLOSE AND CONSTANT CONTACT. SECOND, THE EMBASSY MUST ALSO KEEP WASHINGTON CLOSELY INFORMED ABOUT THE OBJECTIVE, AS WELL AS THE IMAGINED, RESTRAINTS ON FRG ACTIONS. AND FINALLY, WE MUST EFFECTIVELY PRESENT US VIEWS ON ALL THESE ISSUES OF GLOBAL MANAGEMENT TO

GLOBAL MANAGEMENT TO FRG OFFICIALS (AND, TO THE EXTENT APPROPRIATE, THE WEST GERMAN PUBLIC).

NONPROLIFERATION

43. WE WILL NEED TO CONTINUE AND STRENGTHEN THE CLOSE BILATERAL CONSULTATIVE PROCEDURES WE HAVE WORKED OUT WITH THE FRG, BOTH IN RESOLVING THE BRAZILIAN PROBLEM AND IN DEALING WITH THE GLOBAL NUCLEAR PROBLEM. THE EMBASSY WILL HAVE TO CONTINUE TO MONITOR NUCLEAR DEVELOPMENTS WITHIN THE FRG VERY CLOSELY IN ORDER TO REPORT AND ANALYZE LIKELY GERMAN POLICY APPROACHES. IN WASHINGTON, IN MULTILATERAL FORA, AND IN BONN WE WILL HAVE TO EXPLAIN OUR POLICY PATIENTLY, MAKING IT CLEAR THAT IT DOES NOT DISCRIMINATE AGAINST THE FRG'S MATERIAL INTERESTS. IN ADDITION TO OUR DEALINGS WITH THE GOVERNMENT, ITSELF, WE MUST WORK OUT A CAREFUL AND PERSUASIVE

PUBLIC POSTURE WHICH WILL DEAL WITH PUBLIC OPINION.

ENERGY

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44. THE US AND THE FRG HAVE VIRTUALLY IDENTICAL OBJECTIVES IN THE ENERGY SECTOR. HOWEVER, OUR COUNTRIES FACE DIFFERENT CONSTRAINTS WHICH CAN OCCASIONALLY CAUSE DIVERGENT VIEWPOINTS ON SPECIFIC ISSUES. ONE US OBJECTIVE SHOULD CONTINUE TO BE ENCOURAGEMENT TOWARD CONSERVATION EFFORTS.

TRADE POLICY

45. US AND FRG TRADE POLICY OBJECTIVES PARALLEL EACH OTHER CLOSELY. THE PRIMARY US OBJECTIVE SHOULD BE TO PRESS THE FRG TO BE FORCEFUL IN DEFENDING ITS CONSTRUCTIVE IDEAS WITHIN THE EC, WITH THE GOAL OF MAKING EC TRADE POLICY MORE LIBERAL. EVEN IN THE OECD FRAMEWORK, WHERE THE FRG STILL SPEAKS FOR ITSELF, IT IS CONFIDENTIAL

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STRAINED BY THE EC COMMISSION'S MANDATE TO HANDLE TRADE POLICY. THE FRG, NEVERTHELESS, PLAYS A KEY ROLE IN OECD WORK THROUGH ITS CHAIRMANSHIP OF THE TRADE COMMITTEE. THE EMBASSY HAS A VITAL ROLE TO PLAY IN THIS AREA.

NORTH/SOUTH RELATIONS

46. THE FRG HAS BEEN MOST ANXIOUS TO WORK HAND-IN-HAND WITH US IN EXAMINING THE VARIOUS ISSUES OF THE NORTH/SOUTH DIALOGUE. WE CAN USUALLY EXPECT IT TO SUPPORT POLICIES WHICH WE PUT FORWARD, BUT WITH INCREASING RELUCTANCE AS WE MOVE IN A DIRECTION MORE ACCOMMODATING TO THE DEVELOPING COUNTRIES. IN THIS IMPORTANT AREA, WE IN BONN MUST IDENTIFY TRENDS IN GERMAN THINKING ON THE SEPARATE ISSUES WITHIN THE DIALOGUE, COMMUNICATING THESE TRENDS WHEN, AS USUALLY IS THE CASE, THEY ARE AN IMPORTANT FACTOR IN MAKING US POLICY.

TRADE PROMOTION

47. RECENT COMMERCE DEPARTMENT SUPPORT OF US EXPORT EFFORTS IN THE CONSUMER GOODS FIELD HAVE BEEN EXTREMELY REWARDING, LEADING US TO SHIFT MORE RESOURCES TOWARD PROMOTION IN THIS FIELD. AFTER YEARS OF DECLINE, OUR SHARE OF THE FRG IMPORT MARKET HAS STABILIZED. THERE ARE ALSO SIGNS THAT OUR PROMOTION IN THE CONSUMER GOODS FIELD WILL LEAD TO AN EXPANSION OF OUR SHARE OF THE MAR-

KET. AGRICULTURAL EXPORTS SUPPORTED BY THE FAS HAVE ALSO CONTRIBUTED TO OUR SUCCESS.

48. THE COMMERCIAL SECTIONS OF OUR CONSTITUENT POSTS ARE THE FRONT LINE OF OUR TRADE PROMOTION EFFORT. TO OBTAIN FULL UTILIZATION OF OUR RESOURCES, THE EMBASSY WILL PUT EVEN GREATER EFFORT INTO DIRECTING AND COORDINATING THE ACTIVITY OF THE POSTS IN SUPPORT OF OUR PAR-
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TICIPATION IN FRG TRADE FAIRS THROUGH THE NEWLY ESTABLISHED MARKETING CENTER IN COLOGNE. THIS ACTIVITY, TOGETHER WITH OUR COORDINATED DRIVE TO BRING WEST GERMAN CUSTOMERS TO FAIRS IN THE UNITED STATES, SHOULD ULTIMATELY RESULT IN INCREASED US EXPORTS TO THE FEDERAL REPUBLIC, PROVIDING STATE AND COMMERCE SUPPORT OF OUR ACTIVITIES CONTINUES AT LEAST AT THE PRESENT LEVEL.

49. WE WILL HAVE GREATER DIFFICULTIES IN THE YEARS TO COME IN THE PROMOTION OF HIGH TECHNOLOGY ITEMS, IN WHICH WE WERE MOST SUCCESSFUL IN THE PAST, BECAUSE OF THE FRG'S EFFORTS TO PROMOTE ITS OWN HIGH TECHNOLOGY INDUS-

TRY.

OTHER US ECONOMIC OBJECTIVES

50. IN OTHER AREAS OF INTERNATIONAL ECONOMIC POLICY, PARTICULARLY DIRECT INVESTMENT ISSUES, COMPETITION POLICY, AND CIVIL AVIATION POLICY, FRG INTERESTS AND IDEOLOGY ARE NORMALLY SIMILAR, BUT ARE NOT ALWAYS IDENTICAL, TO OURS. THE RECENTLY-SIGNED US-FRG ANTI-TRUST BILATERAL ACCORD FORMS THE BASIS FOR MORE ACTIVE, IF AT TIMES DIFFICULT, COOPERATION IN THIS AREA, AS WELL AS OFFERING A MODEL FOR SIMILAR COOPERATION WITH JAPAN AND OTHER INDUSTRIAL COUNTRIES. OUR EFFORTS TO MAINTAIN A LIBERAL MULTILATERAL CIVIL AVIATION SYSTEM COULD BE ASSISTED CONSIDERABLY BY CONSTRUCTIVE FRG SUPPORT. EAST-WEST CONTROVERSY OVER POLICY ISSUES INVOLVING THE BERLIN ROUTES WILL CONTINUE TO FIGURE IMPORTANTLY IN MAINTENANCE OF ALLIED RIGHTS IN BERLIN.

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51. ALL MAJOR CATEGORIES OF CONSULAR OPERATIONS IN THE FRG HAVE BEEN IN AN UPTREND OVER THE PAST DECADE WITH NO ABATEMENT IN SIGHT. THE CATEGORY WHERE THE STEEPEST INCREASE IN WORKLOAD IS EXPECTED OVER THE NEXT SEVERAL YEARS IS IN SERVICES TO AMERICAN CITIZENS. THE NUMBER OF US CITIZENS IN THE FRG IS CURRENTLY AROUND 650,000 (250,000 MILITARY PERSONNEL AND 400,000 CIVILIANS, INCLUDING DEPENDENTS OF MILITARY PERSONNEL) AND IS EXPECTED TO CONTINUE GROWING. THE INCREASE IN WORKLOAD TO PROVIDE CONSULAR SERVICES FOR OUR CITIZENS, HOWEVER, WILL PROBABLY OUTSTRIP THE INCREASE IN NUMBERS ALONE. A SIGNIFICANT FACTOR CONTRIBUTING TO THE RISING WORKLOAD IS THE DEPARTMENT'S RECENT REQUIREMENT THAT EVERY AMERICAN PRISONER BE VISITED ONCE EVERY MONTH.
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THE NARCOTIC SITUATION IN THE FRG

52. NARCOTIC SEIZURES IN 1976 INCREASED 500 PER CENT OVER 1975 AND OVERDOSE DEATHS OVER 70 PER CENT, AND THE GOVERNMENT HAS BECOME ALARMED. THE EMBASSY NARCOTIC

WORK IS CONDUCTED BY OUR DEA NARCOTIC ATTACHE, WHO HAS A WIDE VARIETY OF INTERESTS AND PRIORITIES WHICH AFFECT THE US AS WELL AS THE FRG. DEA ALSO HAS OFFICES IN FRANKFURT, MUNICH, AND HAMBURG. THE CUSTOMS ATTACHE AND HIS BRANCH OFFICE IN FRANKFURT ALSO DEAL WITH NARCOTICS MATTERS. THERE IS NOW NO PERMANENT SPECIAL ASSISTANT TO THE AMBASSADOR FOR NARCOTIC AFFAIRS (SAANA). THE INCREASE IN ACTIVITY DEMANDS THAT THERE BE A SAANA ON AT LEAST A HALF-TIME BASIS FOR HIGH-LEVEL GOVERNMENT COORDINATION AND REPORTING REQUIREMENTS WHICH ARE FREQUENTLY LEVIED BY THE DEPARTMENT.
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